

**Opening Statement for the Honorable Gregg Harper, Chairman,
Subcommittee on Oversight and Investigations
May 8, 2018 Hearing on “Combating the Opioid Epidemic: Examining
Concerns About Distribution and Diversion”**

(As prepared for delivery)

One year ago today, May 8, 2017, the Committee opened a bipartisan investigation into the distribution of prescription opioids by wholesale drug distributors, with a specific focus on unusually large opioid shipments to small pharmacies in West Virginia.

The launch of this investigation was spurred by press reports of astonishing levels of opioid distribution to pharmacies in small, rural West Virginia towns. Between 2007 and 2012, distributors sent more than 780 million hydrocodone and oxycodone pills to the state – or 433 pills for every man, woman, and child in the state. In that timeframe, 1,728 West Virginians fatally overdosed on those two drugs.

The numbers were eye-opening. The Sav-Rite pharmacy in Kermit, West Virginia – population around 400 -- received nearly 9 million opioids in a two-year period. Another pharmacy in nearby Oceana, West Virginia received 600 times as many oxycodone pills as the Rite Aid drugstore just eight blocks away.

This led the Committee on a bipartisan basis to request information from the Drug Enforcement Administration, and the so-called “Big 3” drug distributors: McKesson, Cardinal Health, and AmerisourceBergen. These distributors delivered more than 500 million opioids to West Virginia between 2007 and 2012, with Cardinal shipping 241 million opioids, AmerisourceBergen shipping about 119 million opioids, and McKesson shipping more than 150 million opioids. Later in the investigation, the Committee also sent letters to two regional distributors with a major presence in West Virginia: Miami-Luken and H.D. Smith.

We found that the stunning numbers that led us to start this investigation were more common than hoped.

Among our discoveries are a single pharmacy in Mount Gay-Shamrock, West Virginia—population 1,779—that received more than 16.5 million hydrocodone and oxycodone pills between 2006 and 2016. In nearby Williamson, West Virginia – population 2,900—distributors sent almost 21 million opioids to two pharmacies during the same period. And this is just within the targeted areas that we reviewed.

We have learned much from the investigation, but still have many questions. For example, why did the distributors repeatedly fail to report suspicious orders of opioids or exercise effective controls against diversion? By 2005, Internet pharmacies had transformed the DEA regulatory paradigm, with unprecedented large volumes of controlled substances being shipped to individual pharmacies. Pill mill doctors and pharmacies began to proliferate. The agency needed help, and, given their position in the supply chain and their legal obligations to identify and report suspicious orders, identified the distributors as a main line of defense against diversion. Through meetings and letters over a period of years, the DEA educated and coached the distributors on their responsibilities.

The distributors have contended that the DEA provided insufficient communication and guidance. Distributors have also said that only the DEA can see the full picture with respect to pharmacy volume and that distributors are simply privy to their own data.

But were distributors' capabilities that limited? Distributors conduct due diligence, site visits, and can obtain market data. They can request and analyze a pharmacy's dispensing data, which provides the distributors with the ability to see all the controlled substances being dispensed by a pharmacy and the prescribers over a given period of time. In some cases, such as what we have seen in West Virginia, the volume of controlled substances a distributor sends on its own should be cause for concern.

Distributors also contend that they do not set demand, and simply satisfy orders for prescriptions written by licensed doctors and filled by licensed pharmacies. But what about the distributors' legal responsibility to "know their customer" and perform due diligence?

And what does our work mean for the rest of the country? West Virginia is far from the only state heavily impacted by the opioid epidemic. It has hit every state, and every one of us in the room has been affected in some way. How many other communities across the country have received millions more opioids than their communities could reasonably sustain? How many other times did a distributor miss the red flags of their own distribution – let alone what could be found with due diligence? How many other Kermits and Williamsons are out there?

It's my hope that we will get some answers today as to how the drug distributors seemingly missed the "red flags" of diversion.

I welcome the witnesses and thank you for your participation. I also thank my colleagues across the aisle for all of their hard work on this investigation and now recognize the Ranking Member of the Subcommittee, Ms. DeGette.